



THE ASSISTANT SECRETARY OF THE NAVY  
(Research Development and Acquisition)  
WASHINGTON, D.C. 20350-1000

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MEMORANDUM FOR THE DISTRIBUTION LIST

Subj : MANAGING WITH EARNED VALUE

In a separate memorandum outlining policy guidance for conducting integrated baseline reviews, I strongly **endorsed the** use of earned value as a management tool for integrating cost, schedule and technical performance. This use of earned value by program managers has been emphasized at program execution status reviews which are being held for ACAT I programs.

It is equally important to ensure that contractor program managers clearly understand our expectation that they will use earned value as a management tool as well. In order to formally communicate this expectation to our contractors program managers must ensure that the contract statement of work for all contracts requiring Cost/Schedule Control Systems **Criteria** specify that the contractor will utilize earned value as a management tool for integrating cost, schedule and technical performance. Additionally, award fee contracts should include the contractor's use of earned value as an evaluation factor.

The use of earned value as a management tool by both government and contractor program managers will provide a common framework for the communication of cost, schedule and technical issues.

  
Nora Slatkin